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Addressograph Multigraph Corporation

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1964 ANNUAL REPORT

THE CORPORATION

COMPATIBILITY is the foundation upon which Addressograph Multigraph Corporation has built and maintained its leadership in the business equipment industry.

COMPATIBILITY of the various operating groups within the corporation is achieved through a planned program of new product development, facility expansion and diversified acquisitions. Separate product lines have been divisionalized into the Addressograph, Multigraph and Charles Bruning divisions, and the VariTyper, Emeloid and Buckeye Ribbon & Carbon subsidiary operations. Since the products of each group complement one another, valuable overall benefits are realized from the exchange of inter-related technology and the coordination of marketing efforts.

COMPATIBILITY with the markets served by Addressograph Multigraph Corporation is another key to continued growth. In many instances, the products of two or more divisions or subsidiaries are used together in a single business system or in related activities within the same business establishment. Consequently, savings achieved and services rendered to customers are enhanced by the cooperative efforts of the various divisions and subsidiaries.

COMPATIBILITY with the business machines industry represents a third major element contributing to growth. A–M products are designed to work alone or together with the products and systems of other business equipment companies. For example, in the important field of peripheral equipment serving the input and output needs of Electronic Data Processing, A–M products are fulfilling an increasingly important role in this fast-growing area of business paperwork automation.

COMPATIBILITY of significant proportions is also derived from cooperative product development programs with prime suppliers, many of whom are funding large scale R & D programs under the technical direction of A–M, resulting in new products specifically designed toward A–M's requirements. These valued associations outside the corporate organization augment the company's R & D efforts and establish an ever broadening base for growth.

In all these ways, effective and compatible diversification is realized. Products cover broad markets in depth and permit practical integration of marketing, research, development and manufacturing activities, working in united support of common corporate goals.

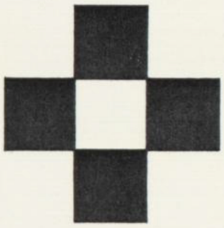
Addressograph Multigraph Corporation

The Bruning 2000 electrostatic office copier is successful because it provides the best quality print for the lowest cost—and is the fastest unit in this very competitive field.

Attached is an actual test pattern used in the Bruning plant to test Model 2000's before release to customers. Also attached is a copy made from this test pattern. Note the extent of reproductive quality—the grids show fidelity of image across the entire sheet, and the black areas show the density and contrast of the image.

We invite you to use this test pattern, or any original, on any other electrostatic copying machine and see the difference.

May we suggest you witness a demonstration of the Model 2000 at your nearest Addressograph Multigraph or Bruning branch office.



MODEL 2000

MODEL 2000

MODEL 2000

MODEL 2000

⇧ Circle arrow indicating
DIRECTION OF FEED ⇨

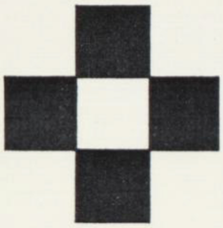
MODEL 2000

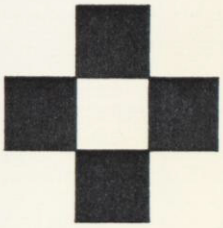
MODEL 2000

MODEL 2000

MODEL 2000

MODEL 2000 TEST CHART





BRUNING

Charles Bruning Company

Division of Addressograph Multigraph Corporation

MOUNT PROSPECT, ILL.

THIS IS A
Model 2000
COPY

PRINTED IN U.S.A.

MODEL 2000

MODEL 2000

MODEL 2000

MODEL 2000

⇧ **Circle arrow indicating**
DIRECTION OF FEED ⇨

MODEL 2000

MODEL 2000

MODEL 2000

MODEL 2000

MODEL 2000 TEST CHART

BRUNING

Charles Bruning Company

Division of Addressograph Multigraph Corporation

MOUNT PROSPECT, ILL.

ORIGINAL

PRINTED IN U.S.A.

SERVING BIG BUSINESS—SMALL BUSINESS—
ALL BUSINESS FOR 71 YEARS

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Addressograph Multigraph Corporation
1200 BABBITT ROAD, CLEVELAND, OHIO 44117

ANNUAL MEETING OF STOCKHOLDERS

The annual stockholders meeting of the Corporation will be held at the office of the Corporation, 1200 Babbitt Road, Cleveland, Ohio, on Tuesday, November 10, 1964, at 11 A.M.

Proxies for the meeting will be requested by the Management at a later date. The notice, proxy statement and proxy for the meeting will be mailed on or about October 16, 1964.

BOARD OF DIRECTORS

*FRANK H. WOODS
Chairman

*PHILIP M. AITKEN
Partner, Woods, Aitken and Aitken

*WILLIAM I. AITKEN
Partner, Woods, Aitken and Aitken

RAYMOND Q. ARMINGTON
President, The Triax Company

WALTER K. BAILEY
Chairman of the Board, The Warner & Swasey Company

EDWIN C. BRUNING
Executive Vice President, Charles Bruning Division

HERBERT F. BRUNING
President, Charles Bruning Division

JOHN S. FANGBONER
President, The National City Bank of Cleveland

JOHN B. RUSSELL
Mfr., Wood Products, Retired

*BARTON J. STONE
Executive Vice President

*J. BASIL WARD
President

*LEWIS B. WILLIAMS
Foundation Trustee

* Member Executive Committee

OFFICERS

J. BASIL WARD
President

BARTON J. STONE
Executive Vice President

Enrl W-W

(no) ✓ BERG L. MEYERS
Vice President, Domestic Marketing

(no) ✓ WILLIAM H. WILSON
Vice President, Domestic Distribution

OK. ✓ DONALD C. ADAMS
Vice President and Treasurer

HOWARD J. WARWICK
Vice President, Manufacturing

ALBERT E. MIGNONE
Vice President, Research and Engineering

CLARENCE S. MARGACH
Vice President, Market Research and Product Planning

EDMUND F. FRANZ
Vice President, Industrial Relations

(no) ✓ A. JAY SOMERS
Controller

(no) ✓ GEORGE R. SULLIVAN, Secretary

WILLIAM H. REINER, Assistant Treasurer

(no) Woodrow S. Anderson, V.P., distribution

General Counsel
WOODS, AITKEN AND AITKEN
Lincoln, Nebraska

Accountants
PRICE WATERHOUSE & CO.
Cleveland, Ohio

Common Stock Listed On
NEW YORK STOCK EXCHANGE
and
MIDWEST STOCK EXCHANGE

Transfer Agents
FIRST NATIONAL CITY BANK
New York City

CONTINENTAL ILLINOIS NATIONAL BANK AND TRUST COMPANY OF CHICAGO
Chicago

Registrars
MORGAN GUARANTY TRUST COMPANY
New York City

HARRIS TRUST AND SAVINGS BANK
Chicago

FINANCIAL HIGHLIGHTS

Years Ended July 31:	1964	1963*
Sales	$244,736,000	$233,131,000
Net income before taxes	$ 35,141,000	$ 32,145,000
Taxes on income	$ 17,997,000	$ 16,583,000
Net income	$ 17,144,000	$ 15,562,000
Per share	$2.15	$1.95
Cash dividends paid by A–M	$ 8,438,000	$ 6,577,000
Per share	$1.10	$1.00
Plant and Equipment:		
Expenditures, net	$ 7,664,000	$ 7,736,000
Depreciation	$ 6,551,000	$ 5,817,000
At End of Year:		
Working capital	$ 89,279,000	$ 82,138,000
Net plant and equipment	$ 47,314,000	$ 46,357,000
Total assets	$178,246,000	$169,311,000
Long-term indebtedness	$ 559,000	$ 2,097,000
Stockholders' equity	$135,308,000	$126,678,000
Per share	$16.93	$15.85
Number of employees: Domestic	13,465	12,983
Worldwide	18,439	17,900
Number of stockholders	17,900	13,750

* Inclusive of Charles Bruning Company

TO THE STOCKHOLDERS

The past year was one of notable progress and continued growth in the 71-year history of the Addressograph Multigraph Corporation.

One of the major events occurring in the fiscal year ended July 31, 1964, was the Charles Bruning Company merger which took effect December 1, 1963.

Operations for the year set new record highs both in sales and earnings.

SALES

Consolidated sales of products and services for the year totalled $244,736,000, an increase of 5% over the $233,131,000 reached in 1963. Amounts for both years include the operations of the Charles Bruning Company.

These amounts represent sales of products and services in the company's regular lines of business. The company has not undertaken any defense or other specialized government contracts during the ten year period covered by the "Highlights" table on page 5. A—M standard products do, however, play an important role in all aspects of government, including the processing of paperwork requirements in missilry and space projects, and the military.

NET INCOME

Consolidated net income after taxes increased 10% to $17,144,000 compared with $15,562,000 earned the year before. Amounts for both years include the operations of the Charles Bruning Company.

Net income equalled $2.15 per share on 7,992,106 shares outstanding at the end of the year. On the same number of shares, net income in 1963 amounted to $1.95 per share.

In relation to sales, income before taxes was 14.4%, and after taxes 7%.

The amount provided for income taxes in the United States and in foreign countries was $17,997,000, equal to $2.25 per share. Federal income tax returns have been audited through the 1959 fiscal year.

DIVIDENDS

In the 1964 fiscal year, cash dividends of $1.10 per share were paid, in two quarterly payments at the rate of 25¢, and two quarterly payments at the rate of 30¢.

HIGHLIGHTS

	NET SALES BILLED	NET INCOME	CASH DIVIDENDS PAID	EARNINGS RETAINED
1964	$244,736,000	$17,144,000	$8,438,000	$8,674,000
1963	233,131,000	15,562,000	6,577,000*	7,555,000
1962	173,873,000	13,151,000	5,890,000	7,261,000
1961	162,331,000	12,177,000	5,759,000	6,418,000
1960	155,962,000	12,694,000	4,917,000	7,777,000
1959	132,150,000	9,834,000	4,492,000	5,342,000
1958	128,450,000	9,138,000	3,736,000	5,402,000
1957	115,631,000	7,757,000	3,626,000	4,131,000
1956	95,598,000	7,375,000	3,468,000	3,907,000
1955	81,114,000	6,682,000	3,161,000	3,521,000

Note: The comparative ten-year tables on this page and on pages 8 and 9, include the results of the Charles Bruning Company for fiscal years 1964 and 1963 only. Differences in accounting practices and in the ending dates of the fiscal periods make it impractical to include Bruning in prior fiscal years. *Excluding $1,430,000 of Bruning Dividends.

DIVIDENDS AND STOCK SPLITS (per share)

FISCAL YEAR PERIODS TO JULY 31

	NUMBER OF SHARES	NET INCOME	EARNINGS RETAINED	DIVIDENDS PAID* IN CASH	DIVIDENDS PAID* IN STOCK	STOCK SPLITS
1964	7,992,106	$2.15	$1.05	$1.10	–	
1963	7,986,793	1.95	.95	1.00	–	
1962	6,576,893	2.00	1.10	.90	2%	
1961	6,576,893	1.85	.97	.88	2%	
1960	6,541,703	1.93	1.18	.75	3%	2-for-1
1959	6,541,703	1.50	.81	.69	3%	3-for-1
1958	6,230,193	1.46	.86	.60	3%	
1957	6,230,193	1.25	.66	.59	3%	
1956	6,139,433	1.21	.64	.57	3%	
1955	6,139,433	1.09	.58	.51	3%	

See note above. *Exclusive of Bruning.

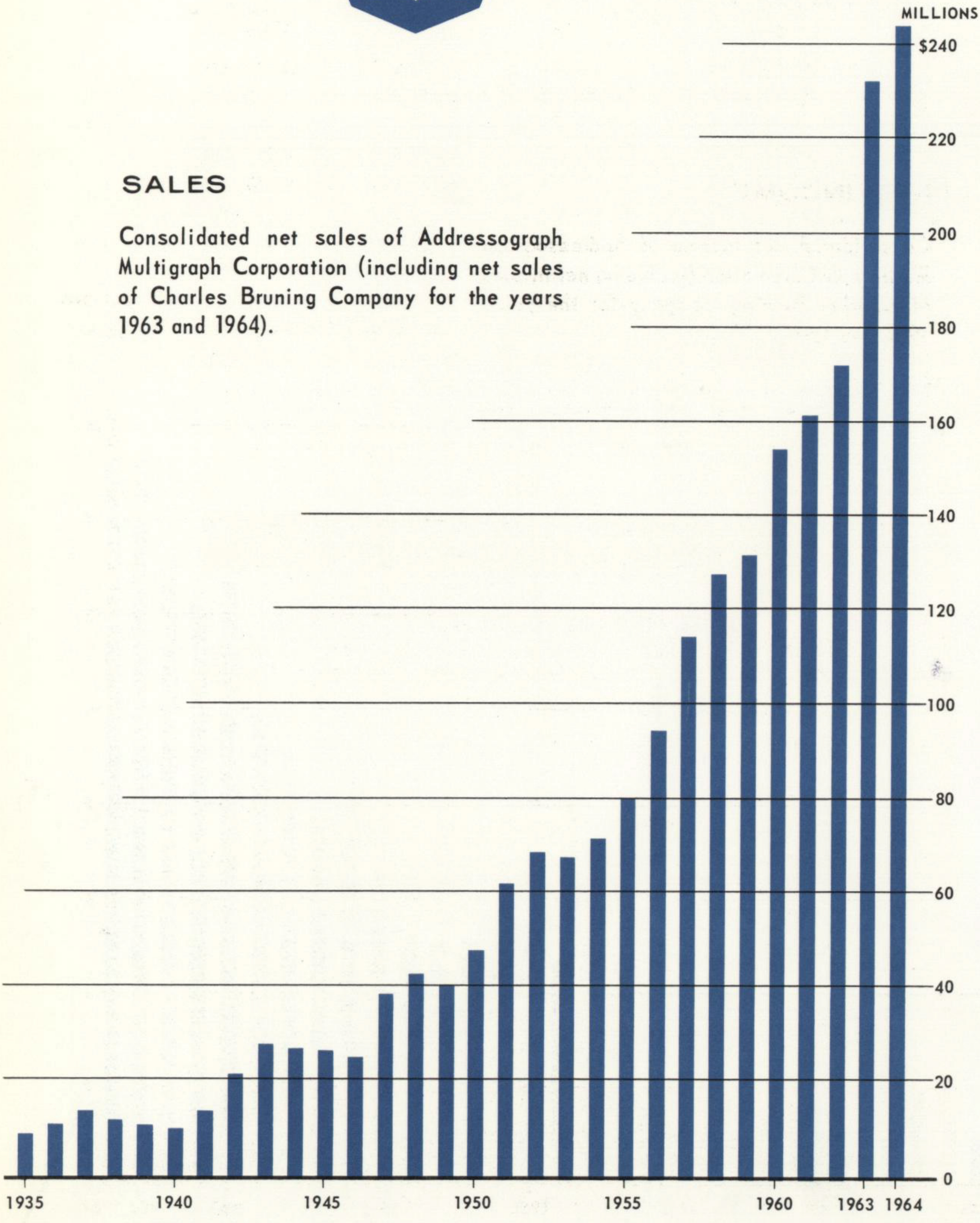
A cash dividend of 30¢ a share has been declared by the Board of Directors, payable October 9, 1964, to stockholders of record September 11, 1964. This represents an annual rate of $1.20.

A–M has paid quarterly cash dividends on the common stock for 29 consecutive years.

A PARADE OF

SALES

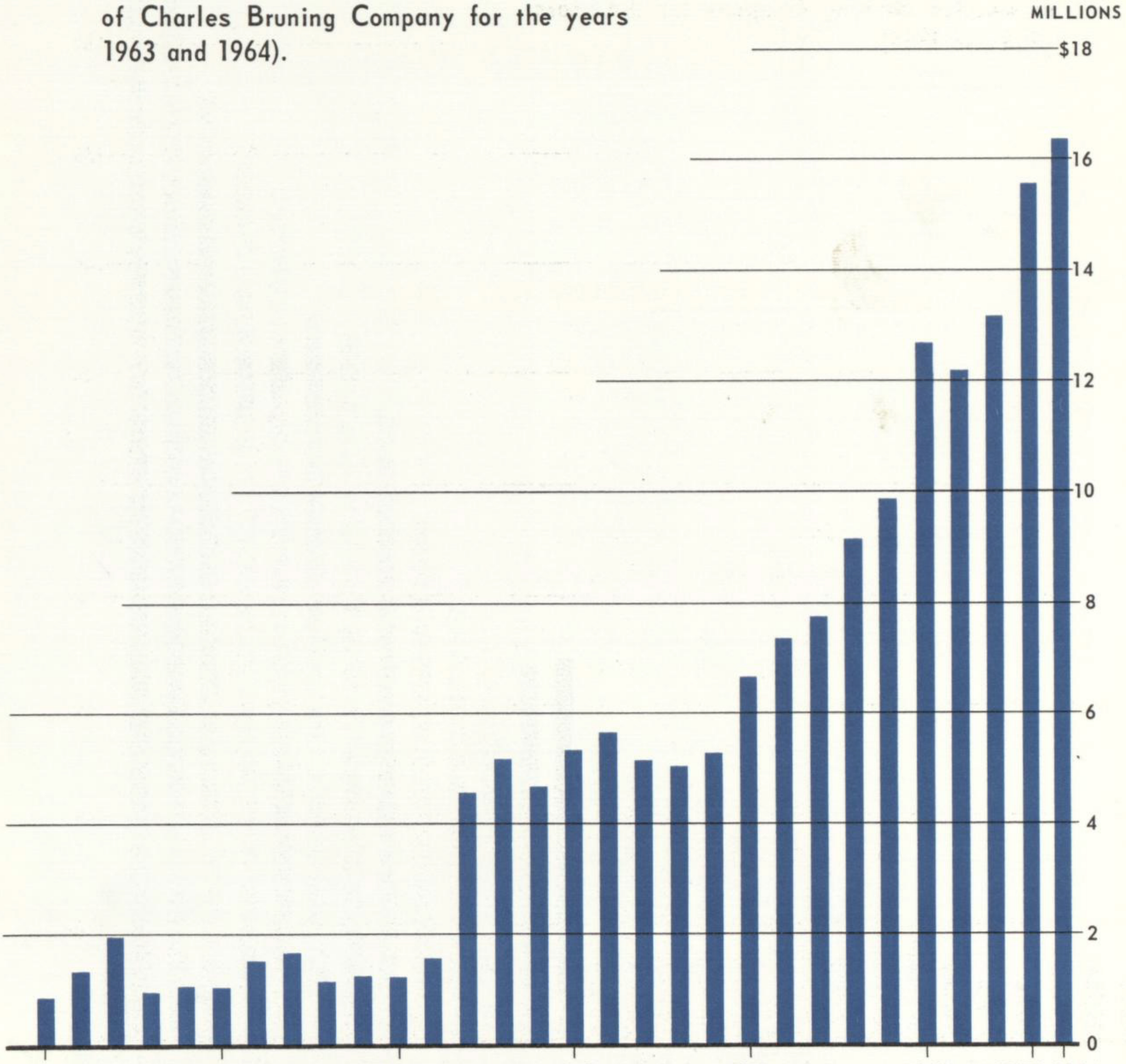
Consolidated net sales of Addressograph Multigraph Corporation (including net sales of Charles Bruning Company for the years 1963 and 1964).



PROGRESS

NET INCOME

Consolidated net income of Addressograph Multigraph Corporation (including net income of Charles Bruning Company for the years 1963 and 1964).



FINANCIAL POSITION

After payment of cash dividends totalling $8,437,512 and the payment of $32,955 for fractional shares in the Bruning merger, there remained for use in the business out of current year's earnings $8,673,607.

Working capital of $89,279,000 at the close of the year compares with $82,138,000 at the 1963 year end. This is an increase of $7,141,000 or about 8-1/2%.

The ratio of current assets to current liabilities is 3.2 to 1.

Long term debt was reduced from $2,097,000 at the end of 1963 to $559,000 at July 31, 1964. This is less than one-half of 1% of total capitalization.

CURRENT POSITION

	CURRENT ASSETS	CURRENT LIABILITIES	WORKING CAPITAL
1964	$129,640,000	$40,361,000	$89,279,000
1963	121,325,000	39,187,000	82,138,000
1962	92,404,000	31,347,000	61,057,000
1961	86,713,000	27,584,000	59,129,000
1960	82,214,000	28,388,000	53,826,000
1959	73,077,000	23,739,000	49,338,000
1958	59,356,000	22,670,000	36,686,000
1957	52,371,000	20,742,000	31,629,000
1956	48,046,000	19,322,000	28,724,000
1955	44,240,000	15,312,000	28,928,000

See note concerning this table on Page 5.

Stockholders equity increased from $126,678,000 in 1963 to $135,308,000 in 1964, or on a per share basis, from $15.85 to $16.93.

The number of shares of common stock outstanding as of July 31, 1964, reflect an increase of 1,415,213 shares issued in December 1963 in exchange for the common and preferred stock of the Charles Bruning Company, Inc., which is now operated as a division.

The number of stockholders of record increased during the fiscal year from 11,200 to 17,900. Of this increase, the Bruning merger accounted for the addition of 2,550 stockholders. The balance of the increase is a continuation of the pre-existing trend in the growth of the number of investors in the company's common stock.

STOCKHOLDERS' EQUITY

	ASSETS	LIABILITIES	STOCKHOLDERS' EQUITY	EQUITY PER SHARE	NUMBER OF SHARES
1964	$178,246,000	$42,938,000	$135,308,000	$16.93	7,992,106
1963	169,311,000	42,633,000	126,678,000	15.85	7,986,793
1962	125,278,000	32,331,000	92,947,000	14.13	6,576,893
1961	114,544,000	28,857,000	85,687,000	13.03	6,576,893
1960	108,485,000	29,712,000	78,773,000	12.04	6,541,703
1959	96,159,000	25,127,000	71,032,000	10.86	6,541,703
1958	81,447,000	24,315,000	57,132,000	9.17	6,230,193
1957	74,458,000	22,728,000	51,730,000	8.30	6,230,193
1956	66,469,000	21,475,000	44,994,000	7.33	6,139,433
1955	58,684,000	17,697,000	40,987,000	6.68	6,139,433

See note concerning this table on Page 5.

BRUNING MERGER

Since the merger which became effective December 1, 1963, the Charles Bruning Company has been operated as a division of the parent company. While the division maintains a complete management staff, a close and intensive coordination between the division's management and parent company management has been established. This extends into all areas of operations.

A major expansion of the Bruning sales organization has been programmed and is well under way. The program stresses penetration of all market areas. As planning progresses, Bruning sales organizations throughout the United States will be housed with the other corporate sales organizations to capitalize on their compatibility of marketing techniques. Progress along this line has already been made in a number of major marketing areas.

Planning for the introduction and marketing of Bruning products in the principal international markets now covered by A–M's network of subsidiaries and branches outside the United States has been completed and will soon be operating on a full scale basis. Further penetration of international markets will be realized through A–M's dealer organization in all other market areas of the free world as rapidly as sales and technical training can be accomplished. International distribution of Bruning products which heretofore had accounted for only about 6% of Bruning sales promises a constant improvement in the periods ahead.

Close attention is being given to product profitability, production methods and competitive factors, resulting in price adjustments in some high volume product groups.

In recent years, Bruning's earnings had been depressed due in part to increased competition in Diazo supplies and to large expenditures in the development of their present line of electrostatic copiers, and heavy startup expense in launching the marketing of these copiers. This trend has been reversed. With increasing sales of electrostatic copiers and supplies, the profit performance of Bruning has greatly improved, with the result that there has been no dilution in per share earnings since the merger. We are confident that Bruning's profitability will continue its upward course.

LITIGATION

On February 11, 1964, a U.S. patent was issued to Xerox Corporation covering an electrostatic copying process. That day A–M brought suit against Xerox, alleging the invalidity of the patent. On the same day, Xerox sued A–M charging infringement of the patent. On July 14, 1964, a reasonable settlement was reached, whereby Xerox granted a license to A–M, thus avoiding costly and protracted litigation. Both law suits were then dismissed.

EMPLOYEE RELATIONS

A good employer-employee relationship continued to exist during the past year.

At July 31, 1964, the number of employees of the parent corporation and its subsidiaries in the United States stood at 13,465. Foreign subsidiaries' employees number 4,974 — for a worldwide total of 18,439, including Bruning employees.

CONCLUSION

For the noteworthy accomplishments of 1964, the directors and officers express their appreciation to all employees, our suppliers and our dealers throughout the world. It is appropriate at this time to express special appreciation to the people in the Bruning division whose excellent cooperation has importantly contributed to the successful progression of the merger.

On behalf of the Board,

Chairman of the Board

J B Ward
President

October 5, 1964

CONSOLIDATED

STATEMENT OF INCOME AND RETAINED EARNINGS

FOR THE YEAR ENDED JULY 31, 1964

	1964	1963*
Sales and miscellaneous income:		
Net sales, service billings and rentals	$244,736,280	$233,131,238
Interest, discount and other income	1,542,877	1,299,251
	$246,279,157	$234,430,489
Costs and expenses:		
Cost of products and services sold	$117,077,052	$113,577,428
Research, development and engineering expenses	7,275,927	7,023,575
Branch expenses, commissions and discounts	61,460,270	56,914,450
Other selling, advertising, general and administrative expenses	25,120,234	24,457,196
Interest	205,082	312,893
	$211,138,565	$202,285,542
Income before income taxes	$ 35,140,592	$ 32,144,947
Provision for income taxes:		
United States – current and future	$ 15,478,604	$ 14,307,985
Foreign	2,517,914	2,275,336
	$ 17,996,518	$ 16,583,321
Net Income	$ 17,144,074	$ 15,561,626
Retained earnings at beginning of year:		
Addressograph Multigraph Corporation	28,226,147	21,357,796
Charles Bruning Company, Inc. – net amount after pooling adjustments	10,261,101	9,575,003
	$ 55,631,322	$ 46,494,425
Cash payment in lieu of issuance of fractional shares for Bruning merger	$ 32,955	
Dividends:		
Charles Bruning Company, Inc.		$ 1,430,284
Addressograph Multigraph Corporation – $1.10 for 1964, $1.00 for 1963	8,437,512	6,576,893
	$ 8,470,467	$ 8,007,177
Retained earnings at end of year	$ 47,160,855	$ 38,487,248

Depreciation charges included in costs and expenses amounted to $6,550,623 in 1964 and $5,816,837 in 1963.

*Restated as explained in Note 1.

CONSOLIDATED

BALANCE SHEET

JULY 31, 1964

ASSETS

	1964	1963*
Current assets:		
Cash	$ 14,395,689	$ 14,573,475
Time deposit and commercial notes	6,058,393	8,853,611
Accounts receivable, less allowance for doubtful accounts – $1,129,317	48,299,592	41,888,222
Inventories (principally finished products), priced at the lower of cost or market	59,287,041	54,452,559
Prepaid insurance, etc.	1,599,140	1,556,898
	$129,639,855	$121,324,765
Plant and equipment, at cost:		
Buildings, machinery, equipment, rental machines, etc.	$ 88,145,621	$ 82,428,585
Less – Depreciation	43,895,927	38,736,853
	$ 44,249,694	$ 43,691,732
Leasehold improvements, less amortization	719,464	575,755
Land	2,344,621	2,089,348
	$ 47,313,779	$ 46,356,835
Patents, trademarks, goodwill, etc.	1	1
Deferred charges and other assets	1,292,411	1,629,720
	$178,246,046	$169,311,321

*Restated as explained in Note 1

ADDRESSOGRAPH MULTIGRAPH CORPORATION
AND SUBSIDIARY COMPANIES

LIABILITIES AND STOCKHOLDERS' EQUITY

			1964	1963*
Current liabilities:				
Accounts payable			$ 11,034,356	$ 11,980,840
Supply, service and rental contract obligations, less applicable federal income taxes			7,902,349	6,711,568
Accrued taxes, commissions, payroll and other expenses, etc.			7,207,956	6,388,159
Income taxes – U. S. and foreign			13,879,465	13,619,707
Long-term debt due within one year			337,190	486,548
			$ 40,361,316	$ 39,186,822
Twenty-year 2¾% sinking fund debentures, due $125,000 semi-annually to January 1, 1966			$ 125,000	$ 375,000
Long-term debt – foreign subsidiaries, etc.			433,573	1,722,074
			$ 558,573	$ 2,097,074
Reserve for future income taxes			$ 2,017,785	$ 1,349,299
Stockholders' equity:				
Common stock (par value $2.50)				
Authorized – 10,000,000 shares				
	1964	1963*		
Issued	8,030,506	8,025,193	$ 20,076,265	$ 20,062,982
In treasury (Note 2)	38,400	38,400	96,000	96,000
	7,992,106	7,986,793	$ 19,980,265	$ 19,966,982
Capital in excess of par value (Note 3)			68,167,252	68,223,896
Retained earnings			47,160,855	38,487,248
			$135,308,372	$126,678,126
			$178,246,046	$169,311,321

SOURCE AND APPLICATION OF FUNDS

	1964	1963*
FUNDS BECAME AVAILABLE FROM:		
Operations:		
Net Income	$17,144,000	$15,562,000
Add back expenses not paid in cash:		
Depreciation and amortization	6,707,000	5,915,000
Estimated U. S. and foreign income taxes	17,997,000	16,583,000
	$41,848,000	$38,060,000
Increase in current liabilities other than income taxes	1,429,000	2,018,000
Change in deferred charges	337,000	(183,000)
Other sources, net	63,000	89,000
	$43,677,000	$39,984,000
THESE FUNDS WERE APPLIED TO:		
Pay U. S. and foreign income taxes	$17,560,000	$16,031,000
Pay dividends on stock	8,438,000	8,007,000
Add to Plant and Equipment (net)	7,664,000	7,736,000
Increase inventories	4,834,000	3,794,000
Increase accounts receivable	6,411,000	767,000
Reduce long-term debt	1,539,000	487,000
Expense of Bruning merger	204,000	–
	$46,650,000	$36,822,000
RESULTING IN:		
An increase (decrease) in cash and marketable securities of	$(2,973,000)	$ 3,162,000

CONSOLIDATED STATEMENT OF WORKING CAPITAL

Working Capital at beginning of year	$82,138,000	$76,342,000
Net increase in Working Capital during year	7,141,000	5,796,000
Working Capital at end of year	$89,279,000	$82,138,000

*Restated as explained in Note 1

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1. In December, 1963 the Company issued 1,415,213 shares of common stock in exchange for all of the outstanding capital stock of Charles Bruning Company, Inc., which subsequently was merged into the Company; that combination was accounted for as a pooling of interests. Accordingly the accompanying statement of income for 1964 includes the results of operations of Bruning for the entire 1964 fiscal year and the 1963 financial statements have been restated to include Bruning on a comparable basis.

Note 2. As part of the merger, the Company assumed the obligation of Charles Bruning Company, Inc., for restricted stock options on equivalent shares of the common stock of the Company. Options for 5,313 shares were exercised prior to the merger. At July 31, 1964, there remained options outstanding for 1,667 shares, exercisable at a price of $44.05 (429 shares) and $53.45 (1,238 shares) per share, which will expire December 14, 1964, and October 27, 1964, respectively.

Note 3. Transactions in capital in excess of par value:

Balance as at July 31, 1963:	
Addressograph Multigraph Corporation	$55,147,137
Charles Bruning Company, Inc.	9,040,475
Pooling adjustments — capital stock account	4,036,284
	$68,223,896
Excess of option prices over par value of 5,313 shares of common stock issued under stock options (Note 2)	147,817
	$68,371,713
Expenses of merger	204,461
Balance at July 31, 1964	$68,167,252

Note 4. At July 31, 1964, the Company and its subsidiaries operated at approximately 145 locations (branches, etc.) under leases, exceeding three-year terms, having a minimum annual rental aggregating about $2,250,000 in addition to which the Company pays taxes, insurance and other expenses relating to most of the leased premises.

OPINION OF INDEPENDENT ACCOUNTANTS

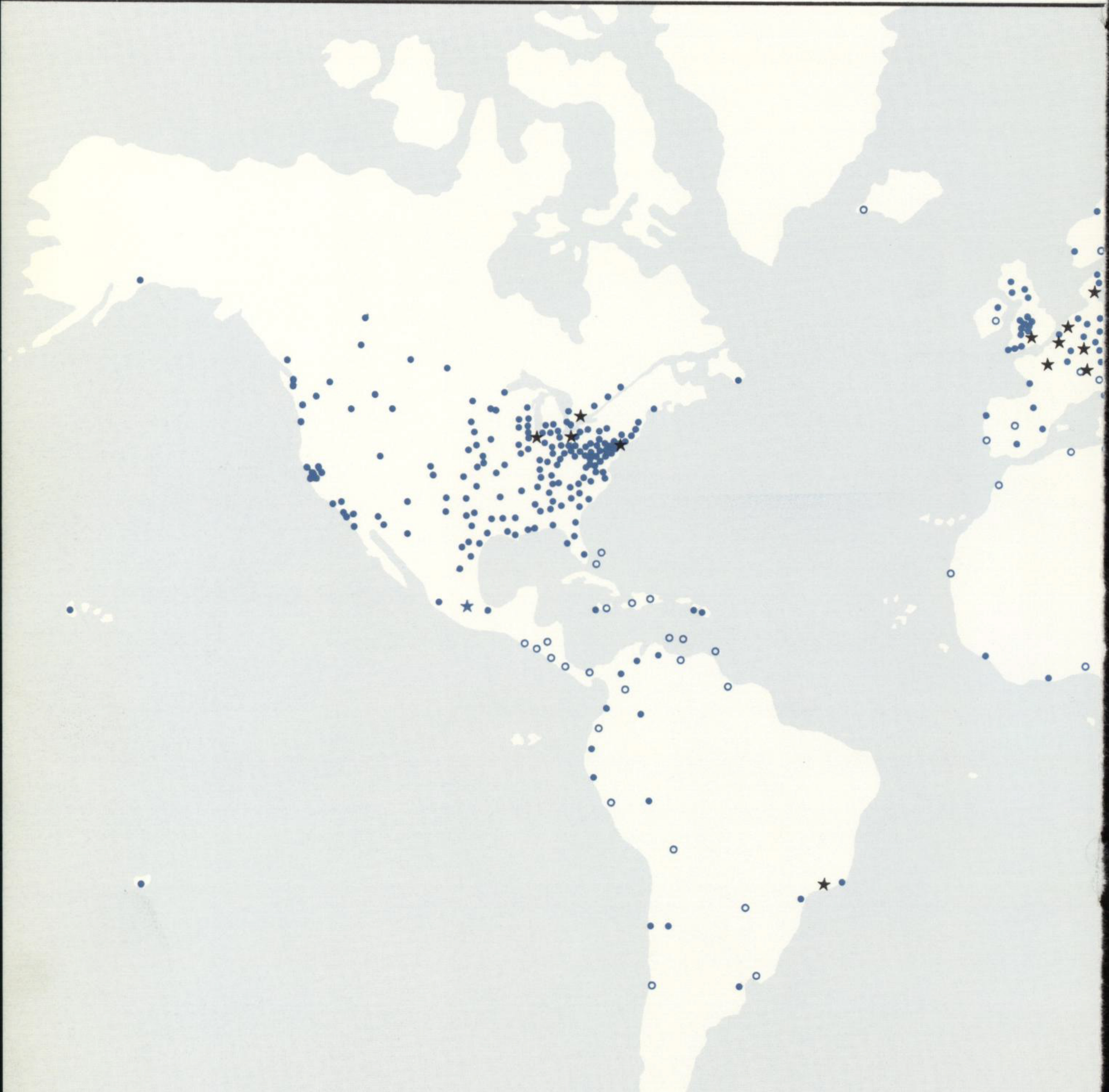
To the Stockholders and the Board of Directors,
Addressograph Multigraph Corporation

In our opinion, the accompanying balance sheet, the statement of income and retained earnings and the statement of source and application of funds present fairly the consolidated financial position of Addressograph Multigraph Corporation and subsidiary companies at July 31, 1964, the consolidated results of their operations and the supplementary information on funds for the fiscal year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year. Our examination of those financial statements was made in accordance with generally accepted auditing standards and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

Cleveland, Ohio
September 3, 1964

PRICE WATERHOUSE & CO.

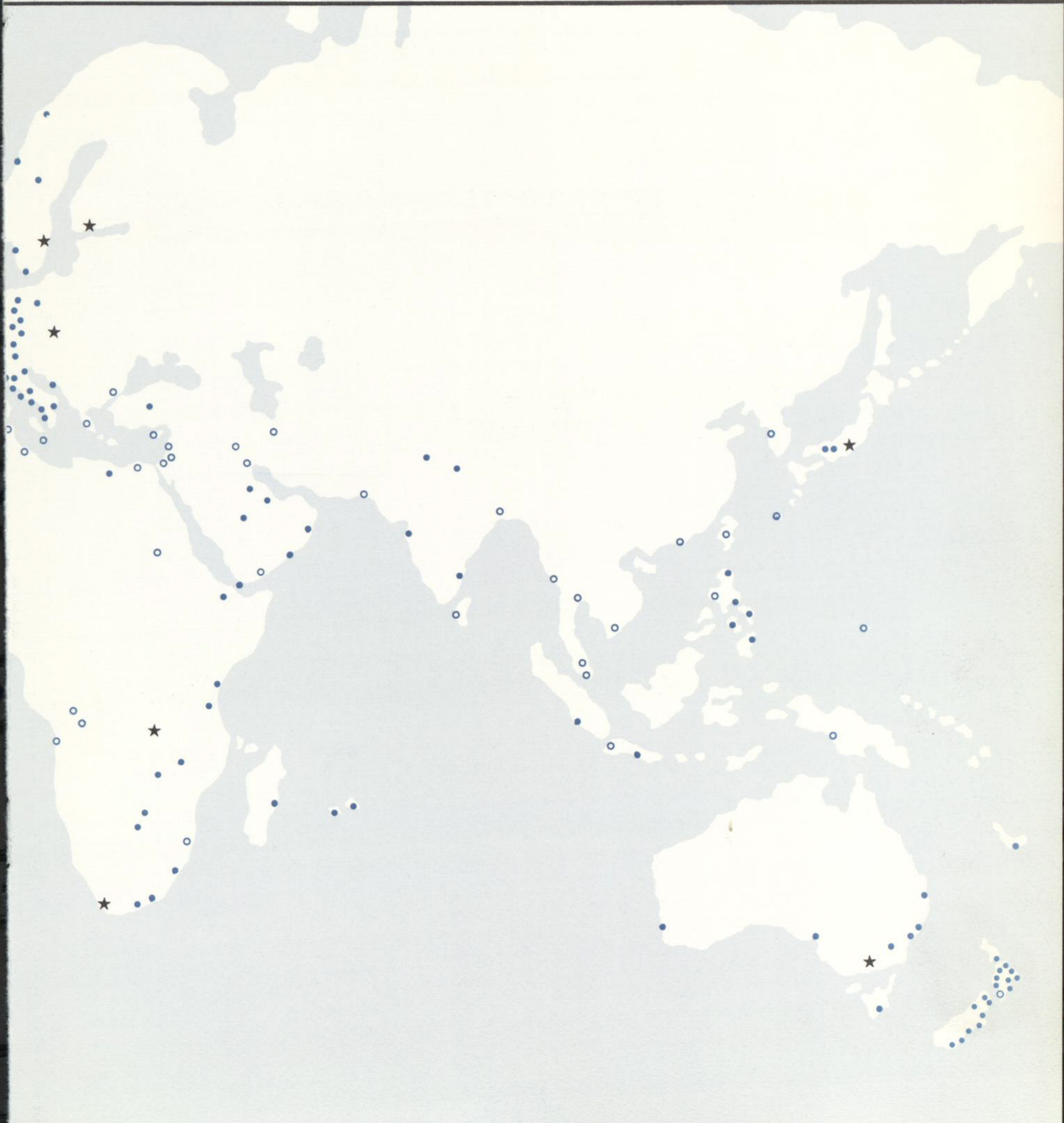
WORLDWIDE



★ – Main Offices, A-M divisions and subsidiary companies

● – Sales Offices

○ – Dealers



WORLDWIDE OPERATIONS

. . . GEOGRAPHIC GROUPING

The consolidated net sales and earnings for the current fiscal year and the consolidated net assets as of July 31, 1964, are grouped separately for the United States and international subsidiaries. The figures shown below for the international subsidiaries' results of operations are for eleven months only, from August 1, 1963 to June 30, 1964, as explained on page 19. The financial position of the international subsidiaries is shown as of June 30, 1964.

RESULTS OF OPERATIONS (in thousands)

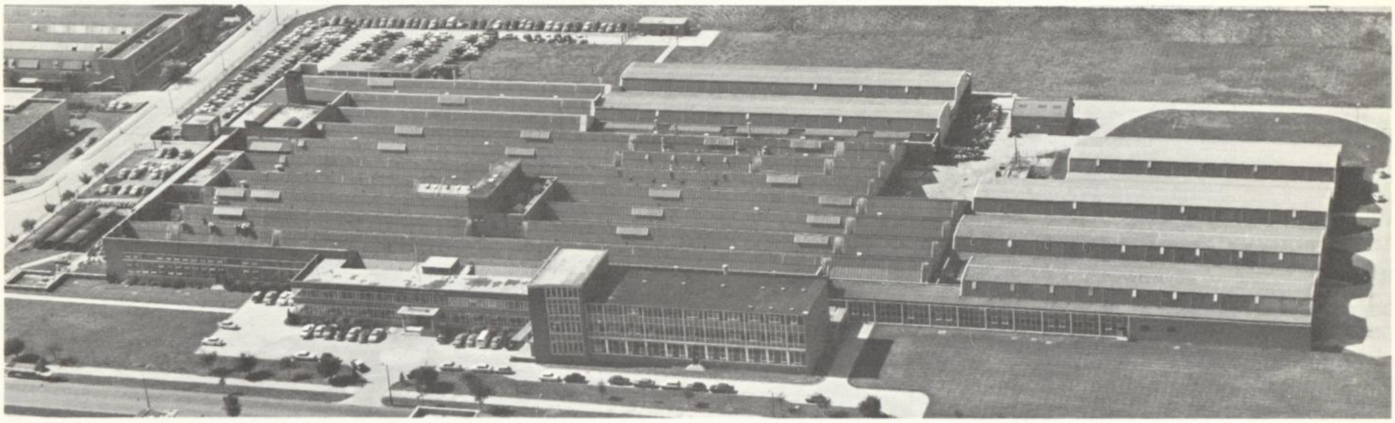
	UNITED STATES	INTERNATIONAL SUBSIDIARIES	WORLDWIDE TOTAL
Net sales	$203,514	$41,222*	$244,736
Other income	1,377	166	1,543
	$204,891	$41,388	$246,279
Costs and expenses	174,482	36,656	211,138
Income before taxes	$ 30,409	$ 4,732	$ 35,141
Income taxes	15,501	2,496	17,997
NET INCOME	$ 14,908	$ 2,236	$ 17,144
PER SHARE (7,992,106 shares)	$ 1.87	$ .28	$ 2.15

*This total does not include the sales to foreign dealers which are included in U. S. Sales.

FINANCIAL POSITION (in thousands)

	UNITED STATES	INTERNATIONAL SUBSIDIARIES	WORLDWIDE TOTAL
Current assets	$104,554	$25,086	$129,640
Current liabilities	30,261	10,100	40,361
Working Capital	$ 74,293	$14,986	$ 89,279
Properties and other assets	41,736	6,870	48,606
	$116,029	$21,856	$137,885
Less: Long-term debt	235	324	559
Reserve for future income taxes	2,018	–	2,018
NET ASSETS	$113,776	$21,532	$135,308
PER SHARE (7,992,106 shares)	$ 14.24	$ 2.69	$ 16.93

INTERNATIONAL



British Main Office and Factory recently enlarged to 289,000 square feet. Hemel Hempstead, England.

The results reported for this year's international operations cover only the eleven months' period ended June 30, 1964, instead of the full 12 months ended July 31. To simplify financial reporting, the fiscal year end of all international subsidiaries was changed from July 31 to June 30, during the current year. In fiscal 1965, the international results will cover the full 12 months' period from July 1, 1964, to June 30, 1965.

The international operations continued their upward trend of increased sales, net income, market coverage, personnel and facilities.

Sales of the 20 international subsidiaries were $41,222,000 for 11 months, an increase of 3% over 12 months of 1963. This amount does not include the sales of the parent company and domestic subsidiaries to A–M dealers and customers outside of the U. S. It also excludes sales to the four overseas branch offices, and all intercompany transactions.

Sales of international subsidiaries for 11 months of 1964 represented about 16% of consolidated sales. Sales from the U. S. to the 92 international dealers plus other offshore sales which are included in United States sales would raise the total A–M international sales to about 19% of consolidated sales. These percentages are lower than those reported a year ago due to the consolidation of Bruning sales which reflect a lower proportion of international sales.

Net income of the international subsidiaries for 11 months amounted to $2,236,000, an 8% increase over 12 months of 1963.

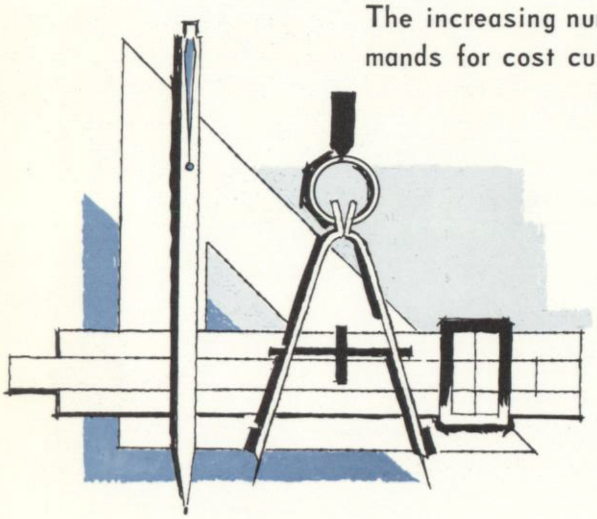
Continuing the planned growth of the international facilities, new expanded head office quarters have been completed in Belgium, South Africa, Japan, and Australia.

A–M products are distributed outside the U. S. through 88 A–M international sales offices and 92 dealer organizations.

RESEARCH AND DEVELOPMENT

In last year's Annual Report, the reorganization of Research and Development functions was described. Excellent progress has been made in strengthening and diversifying this activity within the overall Addressograph Multigraph corporate structure.

The increasing number and complexity of products to meet new demands for cost cutting business machines requires the melding together of a full range of technical skills. Capabilities in electro-mechanics, electronics, chemistry and physics are being coordinated and integrated to provide unique solutions to ever-expanding market requirements.

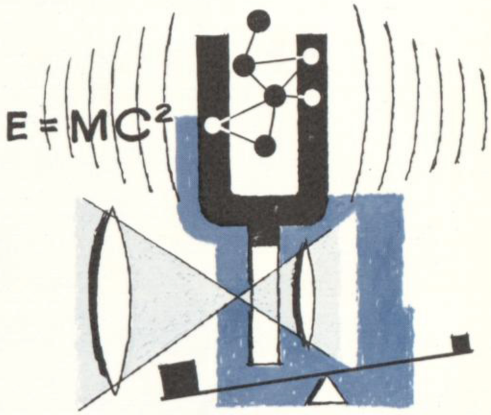

Electro-mechanics

The merger of the Charles Bruning Company into A–M further broadened the base of technical knowledge upon which the Corporation as a whole may draw. Bruning has a strong and talented engineering staff plus a research staff with an unusually broad knowledge of the physical sciences. Although the engineering and research laboratories at Bruning are quite extensive, new technology and market demands for Bruning products require a doubling of these facilities. This needed expansion is on the drawing boards with construction scheduled to start during 1965.

Research and development efforts at Cleveland as well as at all subsidiary companies are in close parallel. While important attention is being focused on new concepts of machines and supplies to anticipate the long range needs of the market place, full recognition is given to the extension, improvement and automation of current lines of products to handle a wider range of customer requirements.

Chemistry

As is described in more detail elsewhere in this report, there are two vast areas related to Electronic Data Processing systems for which the Corporation's products are inherently well adapted. The problems of data collection and of output printing are acknowledged to be costly bottlenecks. The market potential for devices to speed up these peripheral areas is equal to or greater than that existing for the central computers themselves. A–M has already made significant strides in both areas through the development of a broad line of data gathering devices as well as a variety of fully-automated equipment to multiply computer output.



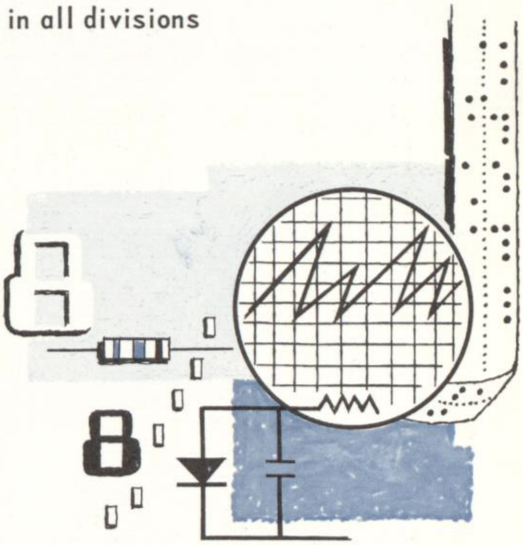
Physics

The development of new products to provide greater speed and flexibility is being intensified so as to penetrate these computer markets more quickly. Here, again, it is a great advantage to be able to call upon the multiple skills that exist within the corporate family. Such input systems require the plastic card technology of Emeloid, the knowledge of carbon papers, ribbons and inks by Buckeye to produce an optically scannable image, the mechanical precision of data recorders and, finally, the electronic devices for conversion to actual computer input.

Thus, research efforts in all divisions and subsidiaries are compatible, interrelated and interdependent, under the close, central direction of the parent company.

The liaison between engineering and manufacturing in all divisions and subsidiaries has been strengthened as a part of a concerted program to shorten the period between development and production. This also provides the best combination of product utility, quality performance and economical design to support the corporate goals of steady growth in sales and earnings.

Expenditures for Research, Development and Engineering rose to more than seven and one-quarter million dollars in fiscal 1964, a new all time high. To this figure must be added the research performed under our direction and in our behalf, by a large number of suppliers which is now a part of "Cost of products sold."



Electronics

MARKETS

Markets for the Corporation's products exist wherever there is business paperwork. Increasing demands of commerce, industry and government create ever broadening markets for the products of each division and subsidiary. Over 350,000 customers now use one or more of the Corporation's products. Services performed by these products provide direct cost-cutting and management control advantages. ***CUTTING COSTS IS OUR BUSINESS.***

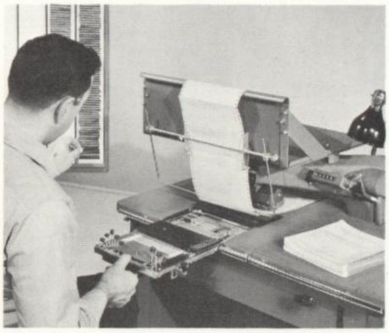
ADDRESSOGRAPH

The Addressograph Division manufactures, sells and services machines, supplies, and systems in a number of broad categories of use.

First are General Purpose Data Writing Systems for machine-writing all kinds of repetitive information from Addressograph plates. The basic capabilities of embossed plate records to store and selectively print information, both descriptive and arithmetic, have been found indispensable in multitudes of clerical and accounting functions.

Addressograph machines by themselves, or employed with other business machines and systems, provide low-cost mechanization to the thousands of businesses where the justification for magnetic tape computers does not exist. In medium sized and larger businesses they permit automation of individual departmental functions on a decentralized basis. Many businesses have found that less sophisticated decentralized data processing is faster, more efficient and less costly than centralized processing, which is often necessary to justify the cost and operating expense of a large-scale computer system.

Addressograph Data Writing Systems speed and automate paperwork in all businesses.



Typical Addressograph Special Purpose System — for processing shipping documents.

Second are Addressograph Special Purpose Data Processing Systems, both electromechanical and electronic, to provide maximum operating efficiency at lowest cost on specific jobs. Some systems incorporate comprehensive electronic logical and arithmetic capabilities. An example is the Class 9260C Addressograph Tax Accounting System which completely automates the preparation of real property inventories, computes taxes due, and completes extended tax rolls and bills. Another Addressograph system is widely used to encode checks and other banking documents for magnetic character recognition.

A significant percentage of sales are realized from a third category — Addressograph Data Processing Support Systems. These systems recognize the disciplines required by computer and punched card installations for complete, properly edited and accurate data input. They include systems used for encoding incoming documents with pre-edited data from embossed Addressograph reference cards, preparatory to computer entry.

Service Stations

Other systems provide the means of recording variable information for practically every kind of commercial and industrial activity — when it occurs — where it occurs. Addressograph Methods are used to record customer purchases in gasoline stations, department stores, and many other retail businesses.

Retail Stores

In industry the systems are used to gather information on production progress, employee earnings, and movement of inventory and tools. In banking, Addressograph Data Gathering Systems record customer money deposits and withdrawals.

Factories

Addressograph Data Gathering Systems offer the unique advantage of producing a readable paper document of a transaction simultaneously with the machine language required for direct computer input.

Recently developed Addressograph plate embossing equipment can be linked directly to computer systems via punched cards and punched paper tape. Through these media computer stored information can be reproduced in Addressograph plate format for use in subsequent data gathering functions.

Various Addressograph Output Printing Systems are widely used in support of electronic data processing equipment. They include Transfer Printers capable of printing computer output data onto unit forms such as ledger cards, envelopes, and other documents.

Data Recorders gather source information and Optical Readers electronically convert data to computer codes.

Machines employing embossed plates as the basic writing medium also include the ability to encode checks, bills, and other forms with punched hole codes as well as stylized characters used for optical character recognition. These techniques provide the means of automatic system re-entry for all kinds of turn-around documents.

Universally, Addressograph systems are used to record source data for use in manual accounting procedures where only human sensible information is required.

Information processing systems are available to meet the individual requirements of not only all kinds of business, but all sizes of business as well. Automation coupled with measurable cost reduction can be realized by all businesses through the application of Addressograph methods.

MULTIGRAPH

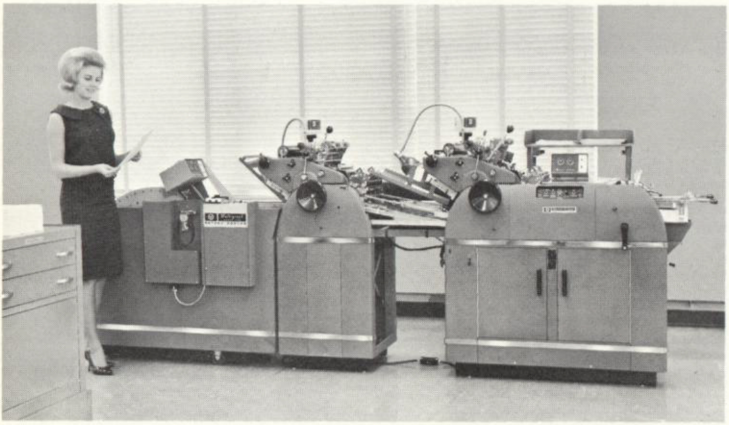
Markets for Multigraph products are broad and diversified. They range from duplication of printed communications and business forms to accounting paperwork systems and high speed reproduction and sorting of output copy produced by electronic computers. Multigraph offers a complete line of machines, masters and supplies to efficiently serve the many different needs of small and large businesses for short, medium and long runs of high quality duplicated material.

Multilith offset equipment puts high-quality duplicating within the reach of every business office.

Simplification and automation of the Multilith process make it possible for average office clerical personnel to produce work of uniform excellence. A variety of Multigraph automated master imaging techniques, employing photographic processes as well as various types of copying and composing machines, has made it possible to image Multilith masters from literally every kind of data source.

Operating ease and flexibility of the latest Multigraph machines have led many large business, industrial and government organizations to decentralize their general duplicating functions and handle their requirements for printed communications and forms as a normal routine in various departments, plants and branch offices. Consequently, many more Multigraph machines are employed than were formerly used in centralized duplicating operations. Customers benefit through more timely reproduction of printed communications and lower inventories of business forms.

Multigraph now offers a complete system including not only the duplicating equipment but advanced and automated master imaging equipment as well. A new Multigraph product utilizing the Photo-Direct Process for automatically producing finished Multilith masters from original source copy has significantly increased the company's volume potential in the general duplicating and offset printing markets.



Multilith Offset Systems automate duplicating and sorting of printed computer output.

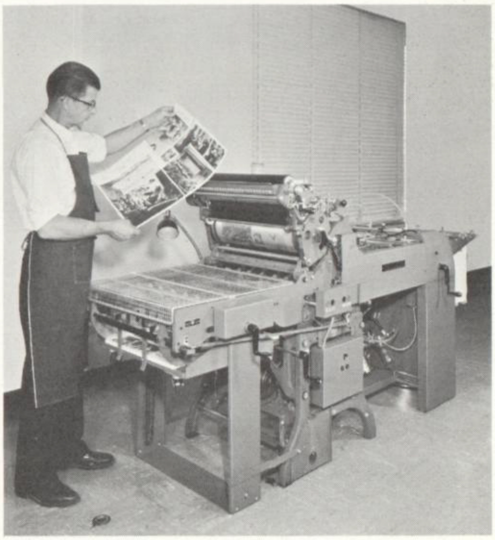
Another new master imaging technique with broad market potential employs the Bruning Model 2000 Electrostatic Copier. Many of these Bruning copiers are now being used side-by-side with Multigraph machines.

Short Run Duplicating Systems, often integrated with electronic data processing equipment, utilize Multigraph duplicating techniques for reproducing small numbers of copies of business documents. Typical applications include the paperwork associated with Order-Invoice Systems, Requisitioning-Purchasing-Receiving Procedures, and Production Scheduling-Control Systems. Here, Multigraph machines offer high speed reproduction of completed documents including both variable transaction data and the printed forms themselves. Systems machines embody automated controls to selectively produce the number of copies required for each transaction, sort the copies according to pre-programmed copy distribution requirements, and eject masters upon completion of each processing cycle.

Continuous Multilith offset masters run through High Speed Printers in place of multiple part forms greatly increase computer system efficiency. Interruption of computer runs to change forms on output printers is avoided. Blank Multilith masters containing the variable data required for various form print-outs, together with a separate master of the printed form itself, are duplicated simultaneously to produce completed accounting documents and reports in a single cycle. The same Multigraph automated duplicators are extensively used to produce computer output reports printed on both sides of the paper. Report bulk is thereby cut in half and significant savings in both paper and handling costs are realized.

Almost every type of office copier on the market today is capable of producing Multilith offset masters. Special masters for the various machines and processes commonly used in business have been developed and are in wide use. Experience has shown that office copying costs are materially reduced and copying time is saved when multiple copy requirements are handled by imaging a master on the copying machine and then duplicating additional required copies via the Multilith offset process.

Another rapidly growing market for Multigraph duplicating is found in the Graphic Arts Industry and in reproduction centers of large business and government establishments. Here, fully automated Multigraph machines operating at high rates of speed are used to produce printed text and photographic material of commercial quality. Multigraph covers these markets with Graphic Arts Sales Representatives trained to serve the special requirements of the commercial printing industry.



Multigraph Graphic Arts duplicators produce professional quality line and half-tone copy for commercial printers.

A related but specialized Multigraph market is the printing of checks and other banking documents, including stylized characters used in computers for magnetic ink character recognition.

The growth of Multigraph markets has resulted not only from the rapidly increasing requirements for duplicated material in business, industry, and government but also from the many new ways in which automated Multilith offset duplicating is employed in accounting and paperwork systems.

BRUNING The Charles Bruning Company manufactures, sells and services an extensive line of copying machines and supplies serving all business and industry. Bruning markets encompass the document copying requirements of the engineer and architect as well as business paperwork systems and the general copying requirements of business and government. Bruning has long been a leading supplier of diazo reproduction equipment and supplies used in engineering activities.

The dynamic growth in markets for general business copying machines and systems currently represents the fastest growing area of all business equipment markets.

Bruning 2000 Electrostatic Copiers speed, and cut costs of, document copying in all markets.

Bruning 1100 produces high-quality enlarged prints from microfilm records.

After years of intensive research and development, exhaustive field testing and subsequent product refinement, Bruning early this year began to aggressively distribute a line of copying machines and supplies employing electrostatic principles. These machines supplement the already very successful diazo equipment and supply line. Rapid expansion of Bruning sales and service outlets has taken place this year both here and abroad to capitalize fully on the vastly increased market potential.

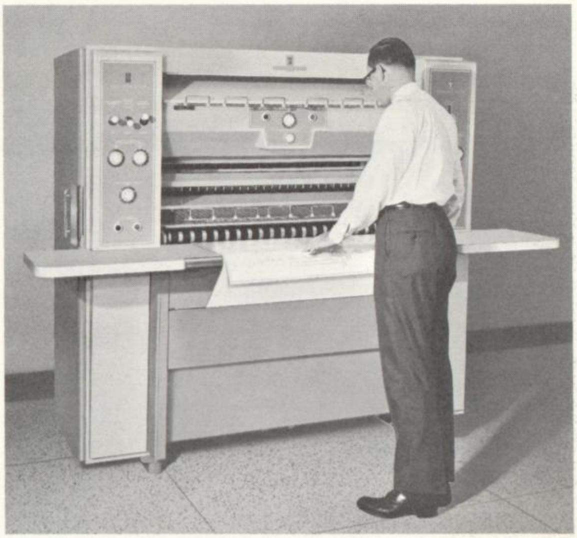
Bruning's prime entry in the electrostatic copying field is the Model 2000, a general purpose copier for business, industry and government.

Bruning 2000 copiers produce highest quality reproductions of all types of original documents at significantly higher speeds and lower unit costs than any other electrostatic copying equipment on the market.

Exclusive features on some models permit production of copies smaller in size than the original. The consequent reduction of paper bulk, filing space requirements and material cost add important advantages to Bruning Electrostatic Copier methods of general document copying.

Machines are compatible with Multilith offset through the media of special duplicating masters the company has developed. When multiple copies are required of a single original, this latter process speeds their preparation and reduces their cost. Thus, a Bruning Electrostatic Copier in combination with Multilith offset provides a high efficiency system for all types of general purpose copying.

Bruning electrostatic models are also available to produce enlarged positive copies of information contained on microfilm and in microfilm aperture cards. This technique is used to make working-size engineering drawings from film-stored records, and is also adaptable to many other kinds of information retrieval requirements. Data is stored compactly on microfilm and, if contained in aperture cards, can be selectively withdrawn from and returned to file by automatic machines. The Bruning 1100 Microfilm Copier quickly makes high-quality, enlarged reproductions of any desired information for visual reference and use.



New Bruning Revolute Star dry diazo whiteprinter sets new standards of quality, speed and convenience in engineering markets.

Bruning diazo-type machines lead the field in reproduction of engineering drawings and are also widely used for business systems copying in many accounting and recordkeeping procedures.

Equipment is available to produce all standard sizes of engineering drawings employing either the moist or dry diazo process, and covering a price and speed range which provides maximum efficiency for every job regardless of production volume and speed requirements.

Translucent diazo masters and Bruning diazo machines are used in systems applications such as processing purchasing and receiving records, production-order writing, preparation of accounting reports and making film transparencies for visual presentation via screen projection.

In addition to an extensive line of copying materials for electrostatic and diazo machines, Bruning sells thousands of different specialized supply items and instruments in the engineering market, ranging from drawing pens to drafting room furniture.

Bruning Diazo Copiers offer high-quality minimum cost copying methods for many paperwork systems.

In business, industrial and government installations, complete paperwork reproduction systems often consist of Addressograph, Multigraph, VariTyper and Bruning machines working together and complementing each other.

VARITYPER A simple direct method of composing original copy for reproduction of communications and forms is a vital necessity in all businesses producing their own printed material.

VariTyper products provide the means for in-house professional quality composing of text, captions, and business forms. Composition of data for technical manuals, price lists, parts books, accounting reports, advertising and promotional material is quickly accomplished by office personnel. Performing these jobs within the customer's own office results in the completion of duplicated and printed material in minimum time and at lowest cost. VariTyper methods permit the preparation of high-quality copy for accounting and statistical reports, research and engineering data, and other management control information of a confidential nature.

Typical Office Composing Center using VariTyper, Headliner and FotoList

Multilith offset is the process most frequently used to duplicate VariTyper composed material.

VariTyper Headliner photo-composing units permit utilization of large size type fonts and a myriad of special symbols used in the preparation of charts, presentation material, scientific data, and headings used in printed publications.

A relatively new market with a substantial sales potential employs the VariTyper Headliner in combination with Bruning equipment to prepare diazo-type projection transparencies used in visual education programs.

The VariTyper FotoList System has gained increasing acceptance for the preparation of printed price lists, catalogs, and directories. Source data subject to frequent change is contained on unit cards imaged on VariTyper machines or by High Speed Printers of various kinds. As required, change cards are prepared and either manually or mechanically interfiled at their proper locations in the master card file. Cards are fed automatically through the FotoList camera which prepares high quality photographic negatives in page form. Information is then converted to Multilith offset masters or other printing media for quantity reproduction.

A publisher uses more than 50 VariTyper machines to prepare FotoList cards.

Specialized VariTyper equipment capable of accommodating engineering drawings of all sizes has proven to be an ideal method of recording dimensions, symbols, and other lettering on these documents. Thus, VariTyper becomes an integral part of the various Bruning systems for reproduction of engineering data.

BUCKEYE The Buckeye Ribbon & Carbon Company is one of the largest and most experienced manufacturers of fabric and plastic film base ribbons for the general business machine market. Buckeye also makes a line of standard and specialized carbon paper products as well as carbon inks used by the business forms printing industry. This subsidiary employs its own direct sales organization, working out of many A–M branches, to effectively cover both wholesale and retail markets for Buckeye products.

Buckeye Ribbon & Carbon products are supplied to parent company divisions and subsidiaries both for use and resale in connection with their own equipment lines. Knowledge and technical skills gained in supplying A–M's needs have assisted Buckeye in broadening its markets for carbon and ribbon products used on other business equipment.

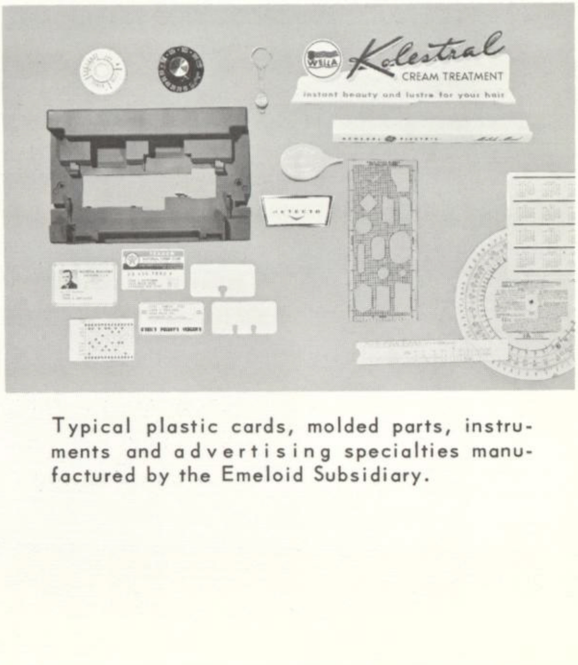
Specialized fabric and carbon ribbons designed for the growing electronic computer supply market include quality, long-life record writing ribbons, Multilith offset master imaging ribbons and plastic film ribbons for printing information to be read by optical character recognition systems.

The Buckeye Ribbon & Carbon Co. line includes many specialty supply items for business machines and computers in addition to high-quality typewriter ribbons and carbon paper.

EMELOID Accelerating growth in the use of embossed plastic cards for data storage and transcription in retail, industrial and commercial markets has provided the Emeloid subsidiary with a substantial volume base. These products are especially designed for use with Addressograph data gathering and recording systems and are distributed by that division of the parent company.

Emeloid is also becoming increasingly important as a supplier of molded plastic parts to all other company divisions and subsidiaries.

Markets for plastic specialties, instruments and injection molded items used by many kinds of outside businesses continue to expand. Recently installed production machines capable of molding large sized plastic parts and specialty items as well as multiple units of smaller items have opened additional markets to Emeloid.

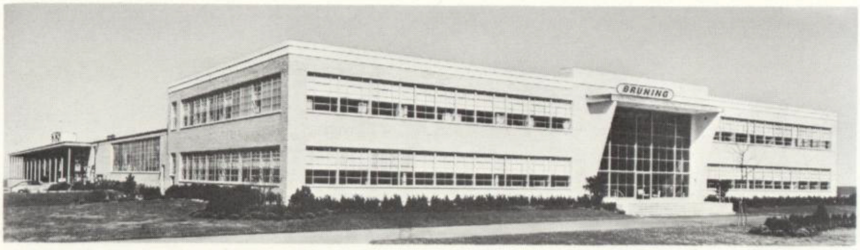


Typical plastic cards, molded parts, instruments and advertising specialties manufactured by the Emeloid Subsidiary.

BRUNING PLANT FACILITIES

The Bruning Division operates seven plants in the United States and Canada. In addition to the three illustrated, other Bruning plants are located in Toronto, Ontario; Rochester, New York; Kansas City, Missouri; Guilford, Connecticut.

Bruning Main Office and Plant, Mt. Prospect, Ill.



Bruning Plant, Teterboro, N. J.

Bruning Plant, City of Industry, Calif.

A-M DISTRIBUTION FACILITIES

These are typical of the new sales and service facilities in major market areas of the United States.

New York Uptown

Jacksonville, Florida

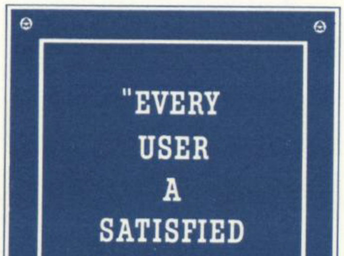
Cincinnati, Ohio

THIS PUBLICATION

The 32 pages of this annual report were reproduced entirely on products of the corporation. Text matter, 10-year tables, financial statements, and cut-lines for illustrations were composed on a VariTyper Model DSJ 610 using a Buckeye ribbon. All large type heads and sub-heads were composed on the VariTyper Headliner, Model 880.

The completed type composition together with illustrations were transferred photographically to Multilith masters — and thousands of copies of this report were reproduced from these masters on a Multilith Offset Duplicator Model 2024.

The envelope in which this report was delivered was automatically addressed on a new Addressograph Class 5000 equipped with a Buckeye carbon ribbon.



A LEADER THROUGHOUT THE WORLD

UNITED STATES SALES AND SERVICE BRANCH OFFICES

The parent company has 143 sales and service branch offices and 39 sub-branch offices in the principal cities of the United States. Additionally, Charles Bruning Company, a division of Addressograph Multigraph Corporation has 49 sales and service offices.

SUBSIDIARIES

AUSTRALIA	Addressograph Multigraph of Australia Pty. Ltd.	Melbourne
AUSTRIA	Addressograph Multigraph Gesellschaft m.b.H.	Vienna
BELGIUM	Addressograph Multigraph (Belgium) S.A.	Brussels
BRAZIL	Addressograph Multigraph do Brasil S.A.	Rio de Janeiro
CANADA	Addressograph Multigraph of Canada, Limited	Toronto, Ontario
	VariTyper of Canada, Ltd.	Toronto, Ontario
	Charles Bruning Company (Canada) Ltd.	Toronto, Ontario
DENMARK	Addressograph Multigraph A/S	Copenhagen
FINLAND	Oy Addressograph Multigraph AB	Helsinki
FRANCE	Addressograph Multigraph S.A.	Paris
GERMANY	Addressograph Multigraph G.m.b.H.	Frankfurt/Main
GREAT BRITAIN	Addressograph Multigraph Limited	Hemel Hempstead
	VariTyper Limited	London
JAPAN	Addressograph Multigraph of Japan, Ltd.	Tokyo
MEXICO	Addressograph Multigraph de Mexico, S.A. de C.V.	Mexico City
NETHERLANDS	Addressograph Multigraph (Nederland) N.V.	The Hague
NORTHERN RHODESIA	Addressograph Multigraph Limited	Kitwe
SOUTH AFRICA	Addressograph Multigraph (Pty.) Ltd.	Cape Town
SWEDEN	Addressograph Multigraph AB	Stockholm
SWITZERLAND	Addressograph Multigraph AG	Zurich
UNITED STATES	The Buckeye Ribbon & Carbon Co.	Cleveland, Ohio
	Buckeye Holmesville Mfg. Co.	Holmesville, Ohio
	The Emeloid Co., Inc.	Hillside, N.J.
	VariTyper Corporation	Newark, N.J.

INTERNATIONAL DIVISION BRANCHES

Anchorage, ALASKA

Buenos Aires, ARGENTINA

Santurce, PUERTO RICO

Honolulu, HAWAII

SUPPLY AND PARTS DEPOTS

Chicago, Illinois

Oakland, California

Teterboro, New Jersey

PLANT LOCATIONS

City of Industry, California
Guilford, Connecticut
Holmesville, Ohio
Melbourne, Australia
Palisades Park, New Jersey
Rochester, New York

Cleveland, Ohio
Hemel Hempstead, England
Kansas City, Missouri
Mount Prospect, Illinois
Paris, France
Teterboro, New Jersey
Toronto, Ontario

Frankfurt/Main, Germany
Hillside, New Jersey
Linden, New Jersey
Newark, New Jersey
Rio de Janeiro, Brazil
Tokyo, Japan

CUTTING
COSTS
IS
OUR
BUSINESS

PRODUCED IN U. S. A.